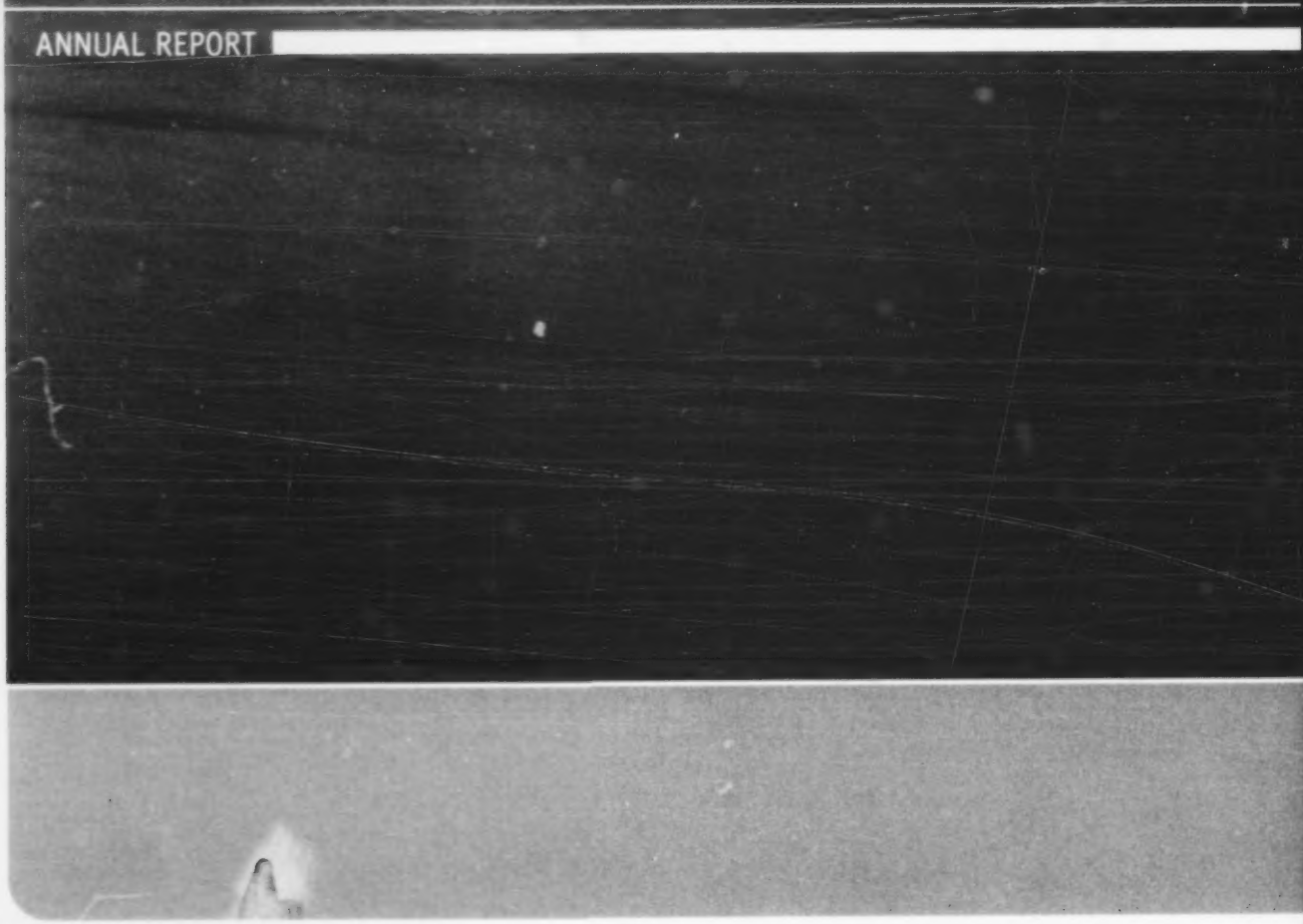
NORTHWEST TERRITORIES
POWER
CORPORATION

2003 ANNUAL REPORT



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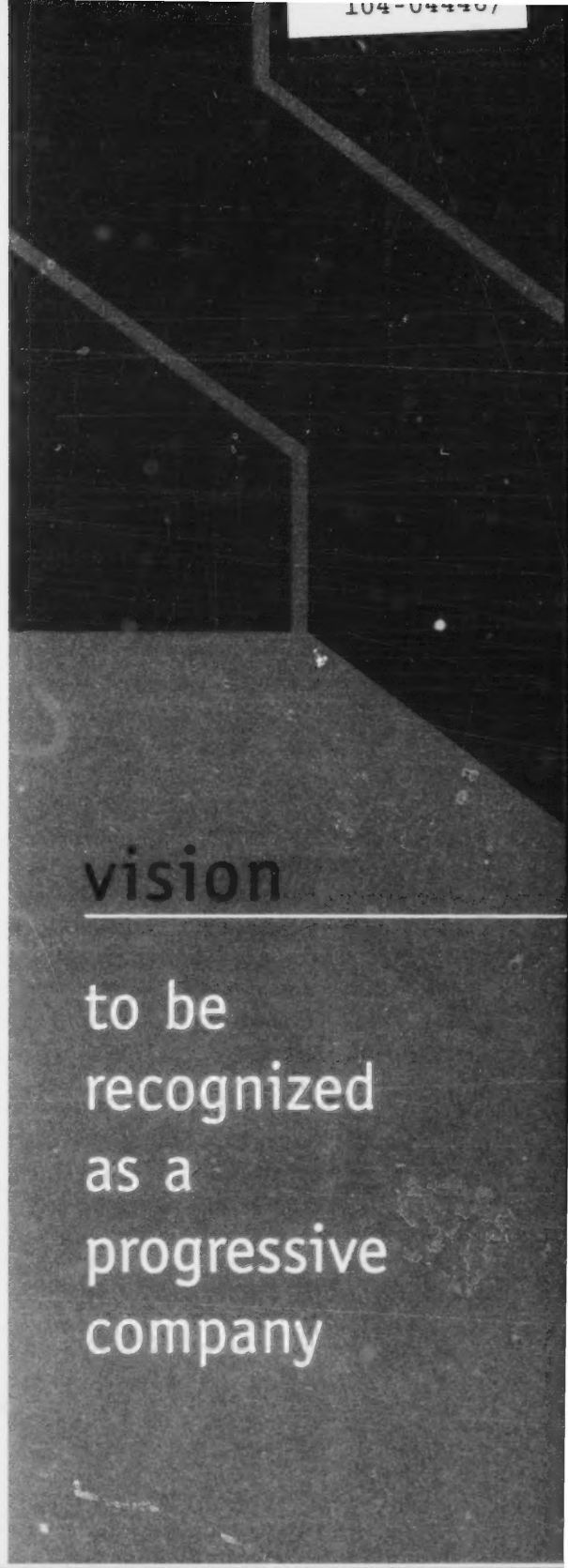
NORTHWEST TERRITORIES
POWER
CORPORATION

mission

To provide, safe reliable energy and related services in the territories, while following sound business practices and demonstrating leadership in protecting the environment. In achieving the Corporation's Vision Statement and objectives, we will endeavor to:

- Be cost effective in the utilization of all resources, always remembering that we are spending the customer's money;
- Strive to increase shareholder value in the long term;
- Commit to the safety and development of our employees by balancing the needs of our customers with the needs of our families and ourselves;
- Act ethically and honestly – treating employees, customers and others with fairness, dignity and respect;
- Be responsive to our customers and their changing needs;
- Respect and protect the environment in all our activities to ensure a sustainable environment for the territories; and
- Communicate in an open and timely manner.



vision

to be recognized as a progressive company

Message from the Chairman

The past year has seen us confronted by challenges, however we are a business richer for them.

A key initiative of the Board this year has been to re-focus the activities of the NWT Energy Corporation Ltd. This Corporation is being managed out of the Chairman's office and is working specifically on several potential NWT hydroelectricity developments.

The future of the Northwest Territories Power Corporation and the NWT Energy Corporation are bright. The challenges are clear. We have to ensure that we have a business that is capable, structurally and organizationally to respond to the opportunities that we all see will be available to the people and businesses of the North. Both Corporations intend to benefit from and take advantage of these opportunities.

The Directors recognize the importance of strengthening the corporate and business relationships that the Power Corporation and the Energy Corporation have with the people, businesses and communities of the NWT.

Our first efforts in building relationships are to ensure we have a vision and direction for the future. We will then undertake to build the organizational structure that will allow us to implement our vision. We intend to build a strong and collaborative relationship with our shareholder.

Secondly, we will continue to build business partnerships with the Aboriginal Peoples of the NWT. It also goes without saying that we will build closer relationships with the northern business community.

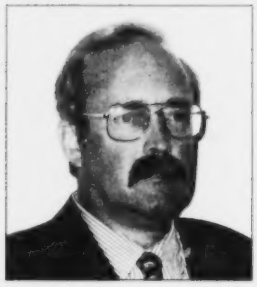
We understand the importance of promoting our corporate responsibility to the north and we intend to conduct our affairs in a business like manner. Our message is clear – we will commit to our shareholder, the communities we serve, our partners and to the business sector that we intend to give our best efforts to ensure the viability of the Power Corporation, build a successful Energy Corporation and become a business leader in Aboriginal and Northern partnerships.

Thirdly we intend to become more active in pursuing business opportunities that arise from all the resource activity and development in the North. The Power Corporation and the Energy Corporation will pursue these opportunities in a fiscally responsible manner and with the support of our shareholder.

Lastly, I want to thank the Management and Staff of both Corporations for their continuous hard work and efforts to build a business that is a leader in corporate responsibility, improved community relations and a successful model in aboriginal and northern business partnerships. "After all the North is our home and our home is the North."

Richard Nerysoo
Chairman

Message from the President



The 12 months ending March 31, 2003 proved to be a very good year for our customers and the Corporation. Customers continued to receive a very reliable supply of electricity from our hydro, natural gas and diesel generating plants, and this was achieved safely and with minimal environmental impact. The year was also challenging and rewarding for the Corporation as it progressed the General Rate Application through the regulatory process culminating in the filing of the Phase II component of the Application in October 2002. More detail relating to the status of the General Rate Application is provided in Management's Discussion and Analysis section of this Report.

Financial Performance

Putting all the difficulties of the year to one side the Corporation had another very successful year. With electricity sales for the period at just over 314 million kilowatt-hours, the financial statement for the year shows total revenue of $66.7 million and net earnings of $7.7 million. After payment of a dividend of $4 million to our shareholder, the Government of the Northwest Territories, retained earnings have increased by $3.7 million to just over $32.7 million.

Hydro Generation Portfolio Expanded

The Corporation now owns the seven megawatt Bluefish hydroelectric power plant. The purchase of Bluefish from Miramar Mining Corporation for $13.5 million was completed in April 2003. As a result of this acquisition the Corporation's hydro generation will increase to about 85% of total generation once production flows through to the Yellowknife market – hydro currently accounts for 75% of generation with the balance being 15% diesel and 10% natural gas.

The purchase is not expected to have any negative impact on rates in the short term and will substantially lower operating costs in the future.

New Hydro Development Opportunities

In 2001 following the recommendations of the Robertson Report, the GNWT promoted hydro development as a long-term economic opportunity for the Territories. Many community groups and stakeholders were exposed to the government driven strategy and today with further support from our shareholder the Corporation has moved to study the potential of two hydro projects.

The first project relates to maximizing the existing Taltson system with the objective of supplying hydropower to the diamond mines. With this project the Northwest Territories Energy Corporation (2003) Ltd., a subsidiary of the Northwest Territories Power Corporation, is working in partnership with the Akaitcho Territory Government and the NWT Métis Nation.

The second potential hydro project is being progressed in partnership with

the Déline Land & Financial Corporation and the Tulita Yamouria Community Secretariat. The partners are currently exploring the possibility of developing hydro generation facilities on the Great Bear River.

Operational Highlights

From an operations perspective, the key measures that the Corporation focuses on are plant efficiency, system availability and average duration of outages. In 2002-03 our plant efficiency was 3.65 kWh per litre compared to 3.57 in 2001-02. System availability came in at 99.97%, the same as the previous year and the average duration of outages was 0.29 hours which was a slight improvement on the 0.30 hours for 2001-02.

Environment & Safety

Over the past 12 months the Corporation's Environmental Department has worked diligently to enhance environmental best practice. A voluntary reporting agreement was signed with the GNWT's Department of Resources, Wildlife and Economic Development and our own operations personnel were trained on Hazardous Waste Management.

The Corporation's safety procedures and commitment to safety training continue to be a primary focus and our efforts are reflected in our achievement of zero lost time accidents in 2002-03.

Social Responsibility

As one of the North's larger corporations we are constantly addressing our social responsibility strategy. From a global perspective we support the chamber of commerce movement in the north, and we continue to be a member of the NWT Association of Communities.

Our social responsibility extends to helping our customers become more energy wise and in this regard the Corporation agreed this year to become an associate member of the Arctic Energy Alliance. Also during this past year we implemented a successful residential energy efficiency program that reached out to our 13 Delta-Sahtu communities and some 500 customers who took advantage of this free program.

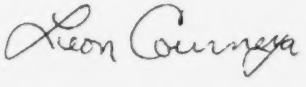
Acknowledgements

The achievements of the Corporation over the past 12 months would not have been possible without the dedication of our employees and we thank them for their tireless efforts to ensure the needs of our customers were met. To the Board that was in office at the beginning of 2002/03, we thank you for your commitment, leadership and determination.

To the new Board we thank you for your willingness and dedication to gain an in-depth understanding of the business within a very short period of time.

Finally to all our customers we thank you for your business over the last 12 months and we extend a special note of appreciation to those of you who gave your time as a respondent to our customer survey or participated in the General Rate Application process. The feedback that you provide on issues relating to the business is highly valued and used extensively to guide us as we review existing practices and develop and implement new strategies.

Our goal and commitment to you continues to be the supply of safe, reliable and cost effective power 24 hours a day, 365 days a year.



Leon Courneya, FCA
President & CEO

Management's Discussion and Analysis

The following Discussion and Analysis is intended to provide an historical and prospective analysis of the Corporation with 2002/03 financial performance as the primary focus. Management assumes full responsibility for the information provided in this Discussion and Analysis and confirms that appropriate information systems, procedures and controls are in place to ensure that the information provided is both complete and reliable. These comments should be read in conjunction with the Consolidated Financial Statements included in this report.

Description of the Corporation's Operations

The Northwest Territories Power Corporation (Corporation) is a Crown Corporation of the Government of the Northwest Territories (GNWT). Under the *Northwest Territories Power Corporation Act*, it is the responsibility of the Corporation to generate, transform, transmit, distribute, deliver, sell and supply energy throughout the Northwest Territories (NWT) on a safe, economic, efficient and reliable basis. The Corporation's area of operations changed significantly after April 1, 2001 when the Governments of Nunavut and NWT agreed to divide the Corporation's assets and liabilities and establish two new corporate entities.

The Corporation distributes electricity to the end use consumers in 26 communities and supplies electricity on a wholesale basis to two distributing utilities, which in turn retail electricity to customers in Yellowknife, and the Hay River Area. The Corporation's facilities include hydroelectric, diesel, and natural gas generation plants, transmission systems, and numerous isolated electrical distribution systems. The Corporation also owns and operates alternative energy assets used for the supply of residual heat, solar power and co-generation.

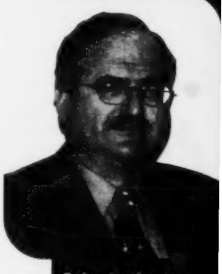
These systems serve a population of approximately 42,000 located in an area of 1.2 million square kilometers. The population is divided among the communities, with none greater than 20,000 and the majority under 1,000 per community. Total electrical load is approximately 65 MW with isolated power systems having generating capacities ranging from 59.6 MW at Snare/Yellowknife to 190 kW at Colville Lake and with the exception of the two hydro grids these systems are isolated and unconnected, each must be planned for and operated independently.

The Corporation serves a unique operating environment. Extremely low customer densities, harsh climate and the consequential logistical challenges, as well as the lack of an integrated transmission system, set the Corporation apart from most utilities, as does the fact that the Corporation's generation is based on a mix of hydro, natural gas and diesel facilities. The unique environment within which the Corporation operates has a profound impact on the Corporation's operations throughout its service area.

Judith Goucher
Director, Finance &

Gerd Sandrock
Director, Business Development

Al Dube
Director, Engineering Chief Engineer



John Locke
Director, Information Technology, CIO

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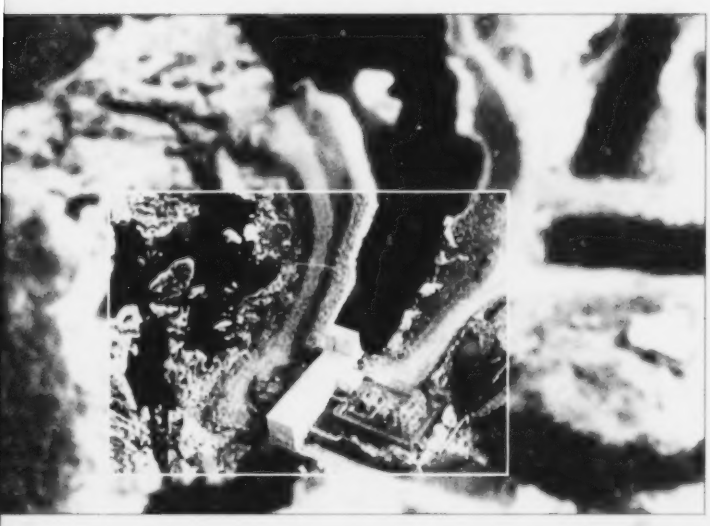


The Corporation set objectives and strategies in 2002/03 to be efficient and effective while maintaining or improving reliability, operating safely and protecting the environment.

Discussion of Objectives and Strategies for 2002/03

The Corporation successfully concluded negotiations and obtained regulatory approval for the purchase of the Bluefish hydro facility, adding 7 MW to its complement of hydro on the Snare/Yellowknife grid. This project has been ongoing for several years and considerable time and effort was aimed at acquiring the additional hydro power to serve long term growth in Yellowknife and the surrounding area. In the short term, the Bluefish hydro facility will continue to provide power to Miramar Con gold mine but given the mine's proposed schedule to wind-down operations, the hydro power will soon be available to serve other customers on the Snare/Yellowknife grid. The effective date of the Bluefish purchase was April 4, 2003 and is therefore discussed under the "Subsequent Event" note to the Corporation's 2002/03 Financial Statements.

The General Rate Application, which was filed in May 2001, continued through the regulatory process. Early in the rate-setting part of the process, the Corporation put forward an application that supported a levelized rate design for the Northwest Territories. The GNWT, the Corporation's Shareholder, was in the process of drafting an energy strategy and determined that consideration of a levelized rate proposal was premature in the absence of a final strategy. The philosophical differences between the Board and its Shareholder over the timing of the consideration of the levelized rate proposal lead to the Board's dismissal in October and a new Board was appointed in December.

The Corporation continued with its rate application under the direction of the new Board with a community based rate approach. While final rates were not in place by the end of the fiscal year, interim rates were approved which allowed the Corporation to collect its approved revenue requirement.

The Corporation set a number of performance measures for 2002/03, designed to measure differing aspects of corporate performance. System reliability, efficiency, safety, human resource retention and financial performance were measured. The 2002/03 Objectives and Strategies were set to maximize performance in each category. The following table illustrates the 2002/03 Performance Measure Targets and Results and also provides prospective targets for 2003/04.

For 2002/03, the Corporation met within tolerances or exceeded every performance measure target set by the Board of Directors. These targets are set in addition to the target to achieve the approved return on equity, which the Public Utilities Board has currently set at 9.5%. Return on equity for 2002/03 is 10.4% which exceeded the target return for the period.

Performance Measure	Long Term Target	2002/03 Expected Results	2002/03 Actual Results	2003/04 Expected Results
Debt/Equity	55/45	59/41	58/42	63/37
Plant Efficiency	3.85	3.57	3.65	3.58
Operating Cost per kWh generated	12.00 cents/kWh	13.27 cents/kWh	13.93 cents/kWh	13.60 cents/kWh
Safety – Average lost workdays per 200,000 hrs worked – last 5 years	0	12.66	2.37	2.2
System Availability	100%	99.96%	99.97%	99.98%
Staff Turnover	5%	9-13%	7.3%	6.6%

Results of Operations

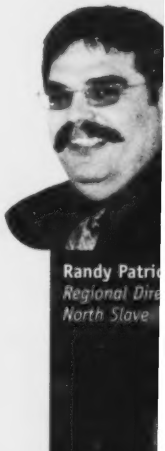
Net income for 2002/03 is $7.7 million, an increase from 2001/02 of $0.8 million. The Corporation recorded electricity sales of $64.5 million in 2002/03 that is up $2.0 million or 7.0 GWh over the prior year, as a result of strong sales in the wholesale and general service sectors and the rate changes approved through the general rate application. Operating expenses are up only slightly over the prior year. However, interest income is down approximately $1.1 million due in large part to a one-time gain recorded in the prior year. After paying a dividend of $4 million to the Shareholder, the Corporation added $3.7 million to retained earnings.

The Corporation's 2003/04 budgeted net income for its regulated businesses is $7.1 million and combined with unregulated subsidiary operations the 2003/04 budgeted net income is $6.8 million.

Derek Aindo
Director, Hur

Brian Willow
Regional Dire
Delta-Sahtu

Paul Campbe
Regional Dire
Deh Cho-Sout



Randy Patri
Regional Dire
North Slave

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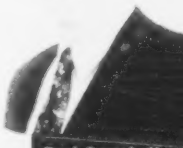
Derek Aindow
Director, Human R

Brian Willows
Regional Director, Delta-Sahtu



Paul Campbell
Regional Director, Deh Cho-South Sla

Randy Patrick
Regional Director, North Slave

The following table illustrates sales by customer group in dollars and units.

Electric Sales by Customer	Electric Revenues ($ Millions) 2003	2002	Change	Electric Sales (GWh) 2003	2002	Change
General Service	20.7	20.0	0.7	55.6	54.1	1.5
Residential	16.9	16.4	0.5	42.9	41.8	1.1
Wholesale	21.9	21.4	0.5	187.7	182.7	5.0
Industrial	3.9	3.8	0.1	26.2	26.9	(0.7)
Streetlights	1.1	0.9	0.2	1.9	1.8	0.1
Total Electrical Sales	**64.5**	**62.5**	**2.0**	**314.3**	**307.3**	**7.0**

Revenues and Expenditures

Most customer groups showed stronger sales in 2002/03 than the prior year, with the exception of industrial customers. The increases in sales are consistent with the increase in economic activity in the NWT, while the decline in industrial sales is due primarily to Miramar Con mine in Yellowknife generating more power from its own resources.

Sales are expected to increase slightly in 2003/04 with either direct or spin-off growth coming from mining, construction and oil and gas sectors.

Operating expenditures (excluding amortization and interest expense) totaled $42.6 million in 2002/03 that is consistent with the prior year. Fuel costs are expected to increase with the additional sales in 2003/04 and an increase in salaries and wages is also anticipated, reflecting the second year of a collective agreement that was reached between the Corporation and its unionized employees in 2002.

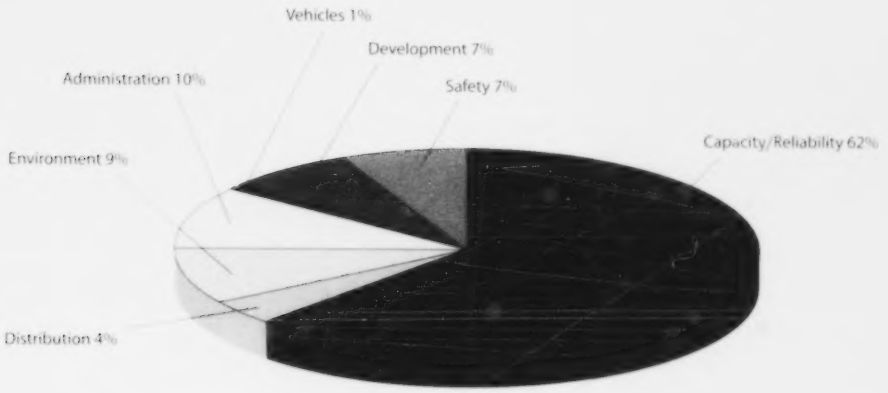
Financing Activities

The Corporation replaced a $20 million capital loan facility with $20 million in long-term debt in the form of a 30-year amortizing debenture, which is guaranteed by the Government of the Northwest Territories.

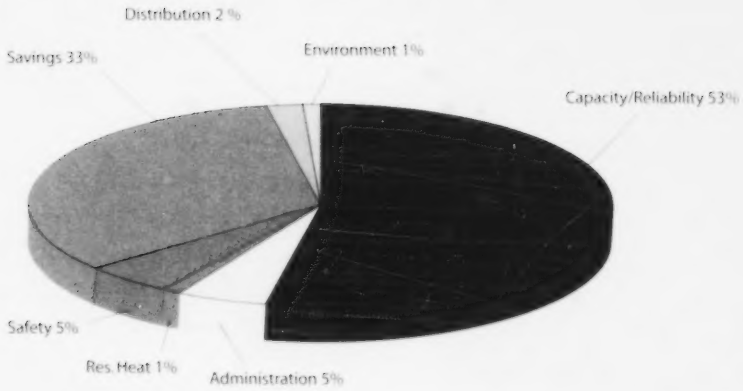
Capital Expenditures

Each year the Corporation makes a substantial investment in capital infrastructure. Capital expenditures for 2002/03 totaled $8.7 million, the majority of which was spent on projects to maintain or improve reliability and to meet capacity requirements. The Corporation is anticipating spending up to $18.4 million on capital projects in 2003/04 with a continued focus to improve reliability and meet capacity requirements. The total capital identified for 2003/04 includes $11.0 million for the purchase of the Bluefish hydro facility which, while adding to the Corporation's generating capacity, was undertaken primarily for the long term savings benefit of displacing diesel power with lower cost hydro and to improve reliability. The following charts illustrate the breakdown of capital spending by category for 2002/03 and the planned spending in 2003/04.

2002/03 Actual Capital Expenditures by Category

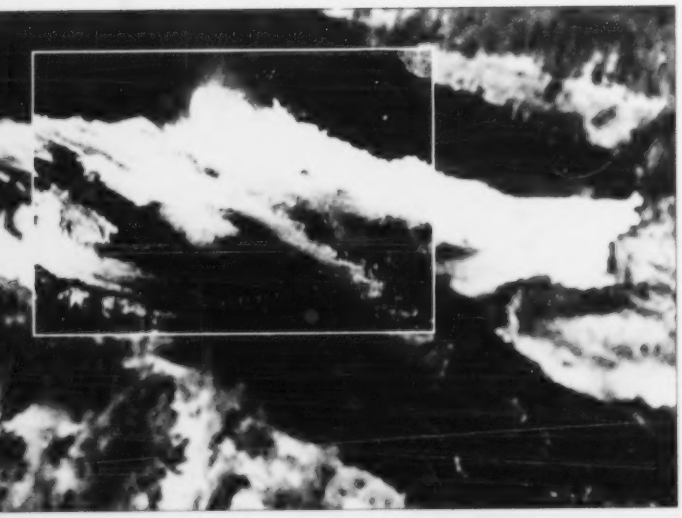


2003/04 Planned Capital Expenditures by Category



Safety

The Corporation successfully continued its emphasis on safety in 2002/03 completing the year with no lost time accidents. The Corporation's accident severity rate, a measure of lost time accidents per 200,000 hours worked for the last 5 years was 2.37, amongst the lowest of any utility in North America. Safety demonstrations were presented in the majority of Territorial schools and trade shows were attended to educate the general public on the importance of electrical safety and energy conservation. A "Zero Accident" program has been adopted for 2003/04 to continue the emphasis on safety in the Corporation.



Environment

The Corporation continued its efforts to respect and protect the environment in 2002/03. In addition to working diligently to minimize the impacts associated with day-to-day operations the Corporation started to update its environmental strategy to ISO standards. A "Report All Spills" program and Hazardous Waste Management Plan was also developed in 2002/03. During the year the Corporation successfully remediated contaminated soils in Déline and will complete the remediation of the old plant site in Tulita in 2004. Air quality was screened around all diesel plants and the Corporation is pleased to report that there are no health concerns associated with diesel combustion emissions produced from the power plant facilities. In order to track its level of greenhouse gas production, the Corporation annually submits a greenhouse gas report to the Voluntary Challenge and Registry. In 2002/03, the Corporation maintained a 50% reduction in greenhouse gas production over 1990 baseline levels for the third year in a row and thus maintained its Gold Champion Level Reporting Status. Although many milestones have been achieved in the environmental field, the Corporation will continue to improve operations wherever possible in order to respect northern cultures and protect sensitive northern environments.

Outlook for 2003/04

The level of economic activity in the NWT is perhaps at its highest level ever. For the Corporation, this could mean new business opportunities and the opportunity to grow the existing business.

The shareholder has set high-level strategic direction for the Corporation for 2003/04 and beyond which includes:

- To maintain safe, secure and reliable power in the communities serviced by NTPC;
- To aggressively pursue new domestic and export markets with a view to expanding the electrical sales base in order to reduce costs to clients served in the NWT;
- To aggressively pursue partnerships and joint ventures with northern parties to increase the economic benefit of electrical generation transmission and distribution to the economy of the NWT;

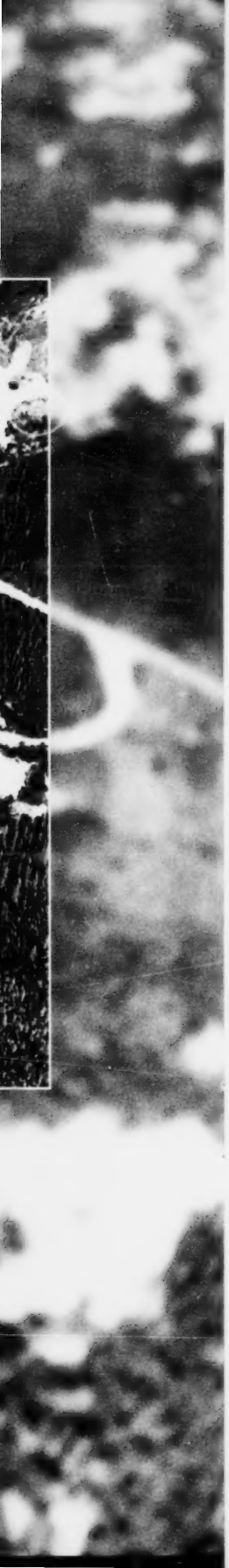
- To aggressively pursue alternative generation technologies that reduces greenhouse gas emission, where economically viable; and,
- To maximize the value of NTPC to its shareholders through profitable expansion and diversification.

The challenge to the Corporation will be to continue to provide core services that are both reliable and affordable while positioning the Corporation to take advantage of business development opportunities. At the same time, the Corporation will be losing its two large industrial customers, Miramar Con and Miramar Giant gold mines within the next few years. The pending closure of both of these mines has been known by the Corporation for several years and was included in the planning expectations for the Bluefish hydro purchase. The Corporation will continue to look to alternative growth areas to mitigate the impact of the gold mine closures on its current customers. In the short term, the impact of the closure of Con mine is expected to be minimal to positive. Over the long term, the Bluefish hydro acquisition will displace diesel generation, making the Corporation a lower cost operation.

To date most of the planning and research for hydro and oil and gas business development opportunities has taken place through the Corporation's subsidiaries. The Board of Directors will be reviewing the Corporation's organizational structure in 2003/04 to determine the best course for pursuing business development opportunities, while continuing to focus on core service delivery.

With the successes of 2002/03 to build on, the Corporation now looks to 2003/04 and beyond as years of continued solid performance both operationally and financially.

Judith Goucher, MA
Director Finance & CFO



Financial Statements

management's responsibility for financial reporting

The accompanying consolidated financial statements were prepared by management in accordance with Canadian generally accepted accounting principles (GAAP). Where GAAP permits alternative accounting methods, management has chosen those it deems most appropriate in the circumstances. The Northwest Territories Power Corporation (the Corporation) is regulated by the Public Utilities Board of the Northwest Territories, which also examines and approves its accounting policies and practices. Financial statements include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects. Management has prepared financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated financial statements.

The Corporation maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, that assets are acquired economically, are used to further the Corporation's aims, are protected from loss or unauthorized use and that the Corporation acts in accordance with the laws of the Northwest Territories and Canada. Management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a territorial crown corporation. An internal auditor reviews the operation of financial and management systems to promote compliance and to identify changing requirements or needed improvements.

The Auditor General of Canada provides an independent, objective audit for the purpose of expressing her opinion on the consolidated financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with the specified legislation.

The Board of Directors appoints certain members to serve on the Audit and Efficiency Committee. This Committee oversees management's responsibilities for financial reporting and reviews and recommends approval of the consolidated financial statements. The internal and external auditors have full and free access to the Audit and Efficiency Committee.

The consolidated financial statements have been approved by the Board of Directors.

Leon Courneya

Leon Courneya, FCA
President & CEO

Judith Goucher

Judith Goucher, MA
Director, Finance & CFO

Hay River, NT
May 30, 2003

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Power Corporation

I have audited the consolidated balance sheet of the Northwest Territories Power Corporation as at March 31, 2003 and the consolidated statements of earnings and retained earnings, and cash flow for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation and its wholly-owned subsidiaries and the consolidated financial statements are in agreement therewith and the transactions of the Corporation and of its wholly-owned subsidiaries that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, *the Northwest Territories Power Corporation Act,* and the by-laws of the Corporation and its wholly-owned subsidiaries.

Ronald C. Thompson, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 30, 2003

	2003	2002
Revenues		
Sale of power (Note 3)	$ 64,480	$ 62,520
Other (Note 4)	2,229	1,790
	66,709	64,310
Expenses		
Salaries and wages	15,568	15,751
Fuels and lubricants	15,209	15,358
Supplies and services	10,084	9,679
Amortization	6,884	6,492
Travel and accommodation	1,712	1,890
	49,457	49,170
Earnings from operations	17,252	15,140
Interest income	278	1,428
Contract income, net (Note 6)	255	264
Earnings before interest expense	17,785	16,832
Interest expense (Note 7)	10,060	9,950
Net earnings	7,725	6,882
Retained earnings at beginning of year	29,030	26,148
Dividend (Note 8)	(4,000)	(4,000)
Retained earnings at end of year	$ 32,755	$ 29,030

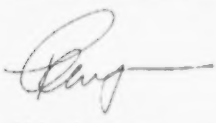
See accompanying notes

	2003	2002
Cash flows from operating activities		
Cash receipts from customers	$ 68,445	$ 60,472
Cash paid to suppliers and employees	(43,872)	(47,793)
Interest received	1,066	389
Interest paid	(9,937)	(10,173)
Received from Nunavut Power Corporation (NPC) for operating activities related to division	-	1,615
Cash flows from operating activities	15,702	4,510
Cash flows used in investing activities		
Plant, property and equipment constructed or purchased	(8,650)	(5,334)
Proceeds from sale of plant, property and equipment	73	114
Cash flows used in investing activities	(8,577)	(5,220)
Cash flows used in financing activities		
Received from NPC for financing activities related to division	-	51,121
Repayment of long-term debt	(21,918)	(31,300)
Proceeds from long-term borrowings	20,000	-
Net proceeds from (repayment of) short-term borrowings	1,947	(18,512)
Repayment of net lease obligation	(143)	(167)
Sinking fund installments	(2,744)	(2,051)
Proceeds from sinking fund redemption	156	1,532
Dividend paid	(4,000)	-
Cash flows used in financing activities	(6,702)	623
Net increase (decrease) in cash	423	(87)
Cash at beginning of year	150	239
Less: NPC's portion of cash	-	(2)
	150	237
Cash at end of year	$ 573	$ 150

See accompanying notes

	2003	2002
Assets		
Plant, property and equipment (Note 9)		
Plant in service	$ 265,036	$ 258,786
Less accumulated amortization	(65,025)	(59,878)
	200,011	198,908
Construction work in progress	4,455	2,699
	204,466	201,607
Current assets		
Cash	573	150
Accounts receivable (Note 3)	15,995	16,924
Prepaid expenses	862	824
Inventories	6,925	7,450
	24,355	25,348
Other assets		
Due from NPC (Note 18)	5,454	5,477
Deferred costs (Note 10)	8,735	7,992
Sinking fund investments (Note 11)	19,650	15,957
	33,839	29,426
	$ 262,660	$ 256,381
Liabilities and Shareholder's Equity		
Long-term debt		
Long-term debt, net of sinking fund investments (Note 12)	$ 96,537	$ 100,762
Sinking fund investments presented as assets	19,650	15,957
Net lease obligation (Note 13)	1,740	1,883
	117,927	118,602
Current liabilities		
Bank indebtedness and short-term debt (Note 14)	10,003	8,056
Accounts payable and accrued liabilities	10,174	9,834
Dividends payable	6,299	6,299
Current portion of long-term debt (Note 12)	965	1,084
	27,441	25,273
Other liabilities		
Future removal and site restoration provision (Note 15)	36,170	35,399
Deferred revenues and other liabilities (Note 16)	5,238	4,948
	41,408	40,347
Shareholder's equity (Note 17)	75,884	72,159
	$ 262,660	$ 256,381
Commitments and contingencies (Note 18)		*See accompanying notes*

Approved on behalf of the Board:



Richard Nerysoo
Chairman of the Board

Peter Guther
Director

1. Authority and operation

The Corporation is established under the *Northwest Territories Power Corporation Act*. The Corporation is a territorial crown corporation under Schedule B of the *Financial Administration Act* and is exempt from income tax.

The Corporation operates diesel, natural gas and hydroelectric production facilities to provide utility services on a self-sustaining basis in the Northwest Territories.

2. Accounting policies

The Corporation is regulated by the Public Utilities Board of the Northwest Territories (PUB), which administers regulations covering such matters as rates, financing, accounting, construction, operation, and service area. As a result, the regulatory accounting policies adopted by the Corporation may differ from the accounting policies typically followed by unregulated entities. In particular, the timing of the Corporation's recognition of certain assets, liabilities, revenues and expenses may differ from that normally prescribed by Canadian generally accepted accounting principles. Specifically, policies in relation to deferred expenses and other assets and amortization policies are different. A summary of the significant accounting policies follows:

Rates and regulation (Excluding sales by subsidiaries)
The rates charged to all customers and the Corporation's earnings on a rate of return basis are regulated by the PUB. The PUB sits as often as it considers necessary and is required by the *Public Utilities Act* to review the affairs, earnings and accounts of the Corporation every three years or at any other time.

Consolidation
The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the accounts of the Corporation and its wholly owned subsidiaries, NWT Energy Corporation Ltd. and 923204 N.W.T. Ltd.

NWT Energy Corporation Ltd., under the authority of the *Northwest Territories Power Corporation Act*, financed the Dogrib Power Corporation for the construction of a 4.3 MW hydro facility. 923204 N.W.T. Ltd. operates and manages one residual heat project in Fort McPherson.

Revenues
Sale of power, other, interest and contract revenues are recognized on the accrual basis and include an estimate of services provided but not yet billed.

Plant, property and equipment
Plant, property and equipment, excluding those donated to the Corporation, are recorded at original cost and include materials, direct labour and a proportionate share of directly attributable overhead costs and an allowance for funds used during construction which provides for a return on capital at a rate approved by the PUB.

Plant, property and equipment donated to the Corporation are recorded at their estimated fair value.

Amortization
Amortization of plant, property and equipment is provided on the straight-line average group useful life basis, at rates which are approved by the PUB, a portion of which is accounted for as a provision for future removal and site restoration costs.

In accordance with utility accounting practices, retirement of these assets is charged to the provision with no gain or losses reflected in operations. Gains or losses arising from exceptional circumstances are included in earnings.

Amortization rates are as follows:	%
Electric power plants	1.16 - 5.76
Transmission and distribution systems	1.09 - 4.66
Warehouse, equipment, motor vehicles and general facilities	1.76 - 9.76
Other utility assets	2.5 - 20.0
Other	20.0

Inventories
Fuels and lubricants and materials and supplies are valued at average cost.

Deferred costs
The Public Utilities Board (PUB), through its decisions, has approved the use of deferral accounts.

The Snare Cascades Deferral Account eased the impact on utility rates resulting from the Snare Cascades project being added to the rate base in 1997. The increase in costs caused by the hydro project addition to rate base, net of savings from displaced diesel generation, was deferred for five years. These costs are being recovered through a PUB approved rate-rider through 2011.

The Rate Stabilization Funds mitigate the impact on utility rates of unexpected changes in diesel and natural gas fuel prices as well as fluctuations in hydro generation caused by water levels. The impact of any increases or decreases in fuel prices or hydro generation over the PUB approved amounts are deferred. The deferred amounts are accumulated until PUB specified limits are reached, at which time rate-riders are applied, with PUB approval, to recover or refund the amounts necessary to bring the funds back to the approved limits.

The Reserve for Injuries and Damages includes costs for uninsured and uninsurable losses and the deductible portion of insured claims.

Regulatory Costs include incremental expenses incurred to apply to the PUB for a multi-year General Rate Application (GRA).

The Normalized Overhaul Costs include costs to overhaul hydro, diesel and natural gas units that occur over the life of these assets.

Regulated Employee Future Benefits represent benefits accrued under employment agreements since April 1, 2001.

The deferred costs noted above are charged to operations at PUB approved amounts that are estimated to annualize the costs over time or will be recoverable in the future.

Other deferred costs include the L-199 transmission line costs, financing costs, pending insurance claims costs and other costs. These costs are subject to recovery through insurance, the courts or the customers through PUB decisions. Financing costs relating to the issue of long-term debt are amortized on a straight-line basis over the remaining term of the related debt.

Sinking fund investments
Securities held in sinking funds are recorded at cost. Interest, dividends and realized gains and losses are included in sinking fund income. Unrealized gains are not recognized. Unrealized losses are recognized only when it is considered there is a permanent impairment in the value of the sinking fund investments.

Future removal and site restoration provision
The provision for future removal and site restoration reflects the estimated cost of decommissioning facilities as well as the related costs of environmental mitigation of the Corporation, net of salvage value. These costs are amortized at rates, which are approved by the PUB, over the estimated useful lives of the related assets on a straight-line average group useful life basis. Due to the long-term nature of the assumptions made in deriving these estimates, the provision is periodically revised and updated for current information on approval by the PUB.

Deferred revenues
Deferred revenues reflect donations of assets and contributions to aid in the construction and acquisition of plant, property and equipment. Deferred revenues are amortized on the same basis as the related plant, property and equipment, and the resulting credit is offset against the corresponding provision for amortization of plant, property and equipment.

Public Service Superannuation Plan
Employees participate in the Public Service Superannuation Plan (the Plan) administered by the Government of Canada. The Corporation's contributions to the Plan are expressed as a percentage of employees' contributions. The percentage may fluctuate from year to year depending on the experience of the Plan. The Corporation's contributions are charged to operations on a current basis and represent the total pension obligations. The Corporation is not required to make contributions with respect to actuarial deficiencies of the Plan.

Employee future benefits
Under the terms and conditions of employment, employees may earn non-pension benefits for resignation, retirement and removal costs based on years of service. The benefits are paid upon resignation, retirement or death of an employee. The cost of these non-pension benefits has been determined based on management's best estimates and accrued as a liability as employees render service. The expenditures are not currently treated as a charge to operations but will be recoverable in the future. Consequently certain employee future benefit costs have been recorded as a regulated deferred expense. The PUB has approved this treatment.

Measurement uncertainty

To prepare these financial statements in accordance with Canadian generally accepted accounting principles, management has made a number of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent liabilities. Actual results may differ from these estimates. Significant estimates include amortization, the future removal and site restoration provision, the revenue accrual for the PUB approved revenue requirement and April 1, 2001, allocated assets, liabilities and shareholder's equity.

3. Sale of power – General Rate Application

The Corporation's 2001-2003 general rate application is still in progress. Until the PUB approves final rates, amounts billed to customers are less than the PUB approved revenue requirement. The shortfall of $3,392 (2002 - $4,619), between billed amounts and allowed total revenues, is recorded as revenue and unbilled accounts receivable.

4. Other revenues

	2003	2002
Government funding of pension expenses (Note 5)	$ 669	$ 848
Miscellaneous	623	256
User fees	334	302
Contract work	322	155
Connection fees	186	139
Heat	95	90
	$ 2,229	$ 1,790

5. Pension expense

The Corporation contributes to the Public Service Superannuation Plan at a rate of 2.14 times (2002 – 2.14 times) the employee's contributions. Contributions for pension expense during the year were $1,988 (2002 - $1,783). The Corporation receives funding, recorded as other revenues, from the GNWT of $669 (2002 - $848) to cover part of these pension expenses. This funding is available until March 31, 2004. Whether the Government of the Northwest Territories (GNWT) funding will continue beyond 2004 is unknown. Should this additional funding cease the PUB has approved recovery of these additional costs in rates.

6. Contract income

The Corporation has an agreement with the Nunavut Power Corporation to provide engineering services until November 4, 2005. The revenues and expenses to provide services under this agreement are outside of the normal operations of the Corporation and therefore are reflected separately on the income statement. The Corporation's gross revenues from the contract were $784 (2002 - $3,195) and the associated expenses were $529 (2002 - $2,931) for net earnings of $255 (2002 - $264). There are no assets or liabilities in the Corporation held solely for the purpose of this contract.

7. Interest expense

	2003	2002
Interest on long-term debt	$ 11,104	$ 10,864
Short-term financing costs	245	115
Sinking fund income	(1,104)	(703)
Allowance for funds used during construction	(185)	(326)
	$ 10,060	$ 9,950

8. Dividend

The Corporation declared a dividend of $4,000 (2002 - $4,000).

9. Plant, property and equipment

	Cost	2003 Accumulated Amortization	2003 Net Book Value	2002 Net Book Value
Electric power plants	$ 176,385	$ (44,968)	$ 131,417	$ 131,257
Transmission and distribution systems	60,128	(9,090)	51,038	50,247
Warehouse, equipment, motor vehicles and general facilities	19,870	(6,737)	13,133	13,206
Other utility assets	3,918	(461)	3,457	3,116
Other	4,735	(3,769)	966	1,082
	265,036	(65,025)	200,011	198,908
Construction work in progress	4,455	-	4,455	2,699
	$ 269,491	$ (65,025)	$ 204,466	$ 201,607

Engineering and general administration expense capitalized during the year amounted to $1,136 (2002 - $1,382). Allowance for funds used during construction capitalized during the year amounted to $231 (2002 - $217).

10. Deferred costs

	March 31 2003	2003 Costs Deferred and Interest Charged to the Fund	2003 Amortization of Fund Balance	March 31 2002
Snare Cascades Deferral Account	$ 3,198	$ 49	$ (607)	$ 3,756
Rate Stabilization Funds	(2,618)	(235)	-	(2,383)
Reserve for Injuries and Damages	1,105	413	(485)	1,177
Regulatory Costs	984	504	(228)	708
Normalized Overhaul Costs	(554)	1,449	(1,573)	(430)
Regulated Employee Future Benefits	689	346	-	343
L-199 transmission line costs	3,958	244	-	3,714
Other deferred expenses	1,973	1,026	(160)	1,107
	$ 8,735	$ 3,796	$ (3,053)	$ 7,992

The rate stabilization funds are comprised of fuel $534 (2002 - $835) and water $(3,152) (2002 - $(3,218)). During the year fuel stabilization rate riders of nil (2002 - $501) were charged to customers. These amounts were recorded as revenues and fuel expenses.

11. Sinking fund investments

Sinking fund investments are held by the Trustee for the redemption of long-term debt. As the sinking funds exist to fund the payout of long-term debt, sinking fund income is treated as a reduction of finance charges and is reflected in interest expense.

Cash and short-term investments include cash and fixed income investments with a term to maturity not exceeding one year. All fixed income is investment grade credit. The Corporation's sinking fund policy and the *Financial Administration Act* limits investments in equities to 30% of the total sinking fund. Equities are in four funds and are well diversified by sector, issuer, region and liquidity.

The sinking fund agreements require the Corporation to make minimum annual installments. The installments required for the next five years are disclosed in Note 12.

	2003		2002	
	Carrying Value	Weighted average effective rate of return (1)	**Carrying Value**	**Weighted average effective rate of return (1)**
Fixed Income Securities				
Cash	$ 31	0.30%	$ 128	.0%
Short-term investments	2,294	3.10%	15,290	2.02%
Provincial Government guaranteed	1,054	5.30%	262	7.30%
Federal Government guaranteed	4,437	4.00%	228	4.79%
Municipal Government guaranteed	1,748	5.70%	49	5.37%
Corporate Bonds	4,470	5.30%	-	-
Equities				
Canadian Equities	3,635	1.90%	-	-
US Equity	1,406	1.80%	-	-
International Equity	575	2.30%	-	-
	$ 19,650	3.81%	$ 15,957	2.18%

(1) – Rate calculated on market yield.

Fair value information for sinking funds is included in Note 21.

12. Long-term debt

	2003	2002
11% sinking fund debentures, due March 9, 2009	$ 20,000	$ 20,000
10¾% sinking fund debentures, due May 28, 2012	20,000	20,000
Capital loan facility, due October 18, 2006, converted in fiscal 2002 under an interest rate swap from a floating rate to fixed interest at 5.64%, repayable interest only until November 2002 and equal monthly payments of $72 thereafter	-	20,000
6.63% amortizing debenture, due December 18, 2032	20,000	-
11⅛% sinking fund debentures, due June 6, 2011	15,000	15,000
6.33% redeemable sinking fund debentures, due October 27, 2018	10,000	10,000
8.41% redeemable sinking fund debentures, due February 27, 2026	8,700	8,700
9.11% debenture series 3, due September 1, 2026, repayable in equal monthly payments of $73	8,478	8,576
9¼% debenture series 2, due October 1, 2025, repayable in equal monthly payments of $69	7,494	7,582
10% debenture series 1, due May 1, 2025, repayable in equal monthly payments of $70	7,475	7,563
Other	5	7
6.5% Canada's Northwest Territories Government Aurora Fund (1996) 923204 N.W.T. Ltd.'s portion representing 50%, due December 2002	-	375
	117,152	117,803
Less: Current portion	965	1,084
	116,187	116,719
Less: Sinking fund investments	19,650	15,957
	$ 96,537	$ 100,762

All long-term debt is guaranteed by the GNWT. Certain debentures are redeemable within the specific terms of the debenture.

Principal repayments and estimated sinking fund investment contributions for the next five years:

	2004	2005	2006	2007	2008
Principal Repayments	$ 965	$ 999	$ 1,032	$ 1,068	$ 1,105
Sinking Fund Investment Contributions	$ 3,008	$ 3,008	$ 3,231	$ 3,231	$ 3,321

13. Net lease obligation

The NWT Energy Corporation Ltd. loaned funds to the Dogrib Power Corporation to finance the construction of a hydroelectric generating plant on the Snare River in the Northwest Territories. The balance of the loan receivable is $21,765 (2002 - $22,004). The loan bears interest at an annual rate of 9.6%, which is the average rate of interest on NWT Energy Corporation Ltd.'s long-term debt issued to finance the loan. It is due July 2026 and is repayable, in equal monthly payments of $195. The loan is secured by a charge against the plant and the lease agreement.

The Corporation has an initial 65-year lease for the plant at an imputed interest rate of 9.6% from the Dogrib Power Corporation until 2061. The value of the capital lease obligation is $23,650 (2002 - $24,054).

To reflect the effective acquisition and financing nature of the lease, the plant is included in electric power plants in plant, property and equipment at an original cost of $26,342.

Upon consolidation, the loan receivable held by NWT Energy Corporation Ltd. is offset with the capital lease obligation of the Corporation resulting in a net lease obligation of $1,885 (2002 - $2,050). As a result, in some years there is a net payment and in other years there is a net receipt upon consolidation. The net lease obligation payments over the next five years are:

2004	2005	2006	2007	2008
$ 145	$ 116	$ 87	$ 55	$ 20

The current portion of the net lease obligation is $145 (2002 - $167) and is recorded in accounts payable.

14. Short-term debt

	2003	2002
Banker's acceptance and shareholder's advance	$ 10,000	$ 8,000
Bank overdraft	3	56
	$ 10,003	$ 8,056

The interest rate charged on bank overdrafts is prime. The short-term debt outstanding at year-end had a weighted average 55 day term (2002 – 35 day term) and a 3.30% (2002 - 2.44%) weighted average annual interest rate. The Corporation has a $15 million unsecured line of credit with its bank and also has access on occasion to short-term funds from its shareholder.

15. Future removal and site restoration provision

The provision for the year, included in amortization of plant, property and equipment is $1,401 (2002 - $1,371) and the amount spent is $630 (2002 - $161).

16. Deferred revenue and other liabilities

	2003	2002
Donations in aid of construction	$ 3,803	$ 3,642
Employee future benefits	1,435	1,306
	$ 5,238	$ 4,948

17. Shareholder's equity

	2003	2002
Capital Stock		
Authorized: unlimited number of voting common shares without par value		
Issued: 431,288 common shares	$ 43,129	$ 43,129
Retained earnings at end of year	32,755	29,030
	$ 75,884	$ 72,159

18. Commitments and contingencies

Capital projects
The estimated cost to complete capital projects in progress, as at March 31, 2003, was $7,199 (2002 - $500).

Operating leases
The Corporation has leased property and equipment under various long-term operating leases. The minimum annual payments for these leases are as follows:

2004	2005	2006	2007	2008	2009-2030	Total
$ 232	$ 143	$ 137	$ 136	$ 137	$ 19	$ 804

Supply contracts
The Corporation has contracts to purchase refined oil products based on market prices at time of delivery. These contracts end in 2003, 2004 and 2005 and reflect minimum quantity purchase commitments of 19.5 million litres consistent with the Corporation's operational requirements.

Natural gas purchase commitment
The Corporation has an agreement to purchase natural gas to produce electricity in Inuvik. The minimum obligation is to purchase 5,622,900m³ of natural gas per annum until July 2014. The price is calculated annually on August 1 and will depend on the Edmonton Average Unbranded High Sulphur Diesel Price as posted in the Bloomberg Oil Buyers Guide on that date.

Litigation
The Corporation has been named as a defendant in four lawsuits. Two actions relate to wrongful dismissal cases. The Corporation has been named as a co-defendant in the third action as a result of the Corporation managing a project for Nunavut Power Corporation (NPC) through the NPC engineering contract. The fourth action names the Corporation as a co-defendant with the GNWT and the Federal Government in a claim related to the construction of the hydro system on the Taltson River in 1965. As directed by the GNWT, the Corporation filed a separate defence to this claim. It is management's estimate that no significant loss to the Corporation will result from any of these four claims.

Division
All corporate operations within the Nunavut Territory were taken over by the NPC on April 1, 2001. The allocation of the Corporation's assets, liabilities and shareholder's equity between its Nunavut operations to NPC and its Northwest Territories operations to the Corporation was governed by two agreements, a due diligence process and approval by the Corporation, GNWT, NPC and the Government of Nunavut. As at the date these financial statements were completed the allocation of assets, liabilities and shareholder's equity as at March 31, 2001, was agreed to by the four parties, with the exception of one issue on debt. The parties are going to arbitration to resolve the dispute. It is not known when the due diligence process will be completed and the allocation finalized. The allocations of assets, liabilities and shareholder's equity as at March 31, 2001 were determined based on management's best estimate using the approach set out in the agreements. Adjustments to these allocations, if any, will be recorded when known, the same as was done for the original transfer, as a capital adjustment to retained earnings.

19. Subsequent event

In September 2002 the Corporation signed an agreement to purchase the Bluefish Hydroelectric Generating Station ("Bluefish"). The hydro station currently provides power to Miramar Con Mine by way of the Snare/Yellowknife power grid. The effective date of the purchase is April 4, 2003. The Corporation purchased the station in exchange for $10 million payable December 31, 2004, specified energy and demand power credits until December 31, 2009, assumption of all reclamation obligations for the Bluefish Station, and assumption of operating costs until December 31, 2004.

20. Related party transactions

The Corporation is a territorial crown corporation and consequently is related to the GNWT and its agencies and corporations.

The Corporation provides utility services to, and purchases fuel and other services from, these related parties. These transactions are at the same rates and terms as those with similar unrelated customers. Transactions with related parties and balances at year-end not disclosed elsewhere in the financial statements are as follows:

	2003	2002
Sale of power and other	$ 18,322	$ 14,315
Purchase of fuel from government	1,268	1,340
Fuel tax paid to government	761	511
Other purchases and payments	983	448
Balances at year end:		
Accounts receivable	2,226	1,343
Accounts payable	626	503
Promissory note	4,000	-
Dividend payable to the GNWT	4,000	4,000

21. Financial instruments

	2003		2002	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt	$ 117,152	$ 143,690	$ 117,803	$ 144,385
Net lease obligation	1,885	3,325	2,050	3,191
Sinking fund investments	19,650	18,600	15,957	16,002

The fair values of cash, other current accounts receivable and payable and short-term debt approximate the carrying amounts of these instruments due to the short period to maturity.

The fair values for the long-term debt and net lease obligation are determined using market prices for similar instruments.

The fair value of the sinking fund investments is determined using market prices. Given the Corporation's long-term investment strategy and upon review of currently available information regarding investments where estimated fair value is less that carrying value, management has determined the carrying value is expected to be recovered.

22. Franchises

Subsection 37(1) of the *Public Utilities Act* of the Northwest Territories states that a public utility shall file with the Board a copy of its franchise before the public utility intends to begin operating under the franchise.

The Corporation requires franchises for 25 communities. As at March 31, 2003, 11 of these franchises are in place and approved by the PUB. Renewal and/or acquisition of franchise agreements will not be pursued until the GNWT completes its energy strategy.

23. Comparative figures

Certain of the 2002 figures have been reclassified to conform to the financial statement presentation adopted for 2003.

	2003	2002	2001 (NWT Only)	2001	2000	1999
Operating revenue	$ 66,709	$ 64,310	$ 53,854	$ 107,886	$ 101,419	$ 99,865
Operating expenses	49,457	49,170	41,200	85,712	78,821	76,407
Fuel and lubricants expense	15,209	15,358	12,378	31,097	25,822	25,752
Interest expense [1]	10,060	10,544	8,765	13,923	13,330	13,194
Earnings from operations	17,252	15,140	12,654	22,174	22,598	23,458
Net earnings	7,725	6,882	4,182	9,089	10,676	11,495
Dividend	4,000	4,000	4,053	6,368	6,239	6,603
Expenditures on plant, property and equipment	8,650	5,334	4,554	20,395	21,427	16,944
Gross plant, property and equipment	265,036	258,786	258,605	396,860	390,534	373,281
Sales (MWh) [2]	314,332	307,335	298,037	414,181	410,971	408,744
Generation (MWh)	350,086	341,101	334,087	462,410	458,969	455,747
Total number of customers [3]	7,954	7,849	8,320	19,319	19,248	17,658
N.W.T.	7,954	7,849	8,320	8,320	8,285	-
Nunavut	-	-	-	10,999	10,963	-
Return on assets employed (Net income/Avg total assets)	2.91%	2.66%	1.28%	2.55%	3.17%	3.81%
Average unit energy cost (Operating cents/kWh generated)	14.13	14.42	12.33	18.54	17.17	16.77

Notes:

(1) Net of AFUDC.

(2) Net of sales to NTPC.

(3) 2002 and 2003 customer count uses new methodology.

(4) Includes operations in NWT and Nunavut.

(5) NWT only – hypothetical calculation. See Note 18 under "Division" for additional details.

Reclassifications have been made to conform with the current year's presentation.

Directives

The *Financial Administration Act* and the *Northwest Territories Power Corporation Act* provide the Government of the Northwest Territories, through the Executive Council and the Minister Responsible for the Northwest Territories Power Corporation, with the ability to direct the operations of the Corporation.

Directive One
Date: **October 13, 2002**
Subject: **NWT Power Corporation – Strategic Direction**
Decision: The Executive Council has approved the establishment of the following strategic direction for the Northwest Territories Power Corporation Board of Directors:

(a) maintain the provision of safe, secure and reliable power to the communities of the Northwest Territories currently serviced;

(b) aggressively pursue alternate generation technologies that reduce greenhouse gas emissions (i.e. hydro, wind, solar, biomass, etc.);

(c) aggressively pursue new domestic and export markets with a view to expanding the electrical sales base in order to reduce per kilowatt generation, transmission and distribution costs to clients served within the Northwest Territories;

(d) aggressively pursue partnerships and joint ventures with northern parties to increase the economic benefit of electrical generation, transmission and distribution to the economy of the Northwest Territories; and

(e) maximize the value of the Northwest Territories Power Corporation to its shareholders through profitable expansion and diversification.

Directive Two
Date: **October 16, 2002**
Subject: **GRA Phase II**
Decision: The Executive Council of the Northwest Territories hereby directs the Board of Directors of the Northwest Territories Power Corporation to:

1. Withdraw the General Rate Application (Phase II) submission to the Public Utilities Board relating to a single rate zone system and to resubmit the application based on the existing rate structure;

2. Defer any further public consultation or support for a move to a single rate zone system until an energy strategy is completed and adopted by the Executive Council; and

3. Take any and all steps to comply with this Direction forthwith.

This Direction will remain in effect until revoked by the Executive Council.

Directive Three
Date: **March 26, 2003**
Subject: **2002-03 Dividend Payment**
Decision: The Northwest Territories Power Corporation is required to declare a dividend for the purpose of funding the Government of the Northwest Territories Power Subsidy Program. The required dividend is $4,000,000.

long service employees

NAME	POSITION	LOCATION	SERVICE
Head Office			
Melissa Hofmann	Human Resource Officer	Hay River	10 years
Vern Gardiner	Stockkeeper	Hay River	10 years
Donna Munro	Human Resource Officer	Hay River	10 years
Judith Goucher	Director, Finance & CFO	Hay River	5 years
Wally Tkachyk	Mechanical Engineering Technologist	Hay River	5 years
Charlene Lafferty	Financial Planning Technician and Reception	Hay River	5 years
Leah Goodzeck	Web Master & IT Consultant	Hay River	5 years
Suzanne Bouchard	Accounts Receivable Technician	Hay River	5 years
Mark Riche	Electrical Engineer	Hay River	5 years
Terence Courtoreille	Manager, Financial Planning and Coordination	Hay River	5 years
North Slave			
Bill Deans	Meter Technician	Yellowknife	20 years
Gerald Jonasson	Plant Superintendent I	Lutsel K'e	10 years
Laura Dies	Customer Service Representative	Yellowknife	5 years
Delta/Sahtu			
Brian Saunders	Systems Operator	Inuvik	15 years
Wilma Dosedel	Customer Service Representative	Inuvik	10 years
Robert Burgin	Electrician	Inuvik	10 years
Francis Ruben	Plant Superintendent I	Paulatuk	10 years
Herbert Blake	Manager, Customer Service	Inuvik	5 years
Stanley McNeely	Plant Superintendent I	Fort Good Hope	5 years
Robert Eldridge	Plant Superintendent I	Sachs Harbour	5 years
Deh Cho/South Slave			
Yves Leguerrier	Power Lineperson	Fort Smith	15 years
Wayne Leblanc	Power Lineperson	Fort Simpson	10 years
Debbie Hansen	Manager, Customer Service	Fort Smith	5 years
Marilyn Bennett	Customer Service Representative	Fort Smith	5 years

board of directors

Board of Directors
Richard Nerysoo, Chairman
Peter Allen, Vice Chairman
E.W. Humphreys, Chairman Emeritus
Peter Guther
Arnold Hope
Marion LaVigne
Louis Sebert
Raymond Woods
Fred Abbott, Advisor

Governance and Compensation Committee
Peter Allen, Chairman
Richard Nerysoo
Raymond Woods
Arnold Hope

Audit and Efficiency Committee
Peter Guther, Chairman
Marion LaVigne
Louis Sebert
Fred Abbott, Advisor

Officers of the Corporation:
Richard Nerysoo
Chairman

Leon Courneya, FCA
President & Chief Executive Officer

Derek Aindow
Director, Human Resources

Paul Campbell
Director, Deh Cho - South Slave

Al Dube, P.Eng
Director, Engineering & Chief Engineer

Judith Goucher, MA
Director, Finance & CFO

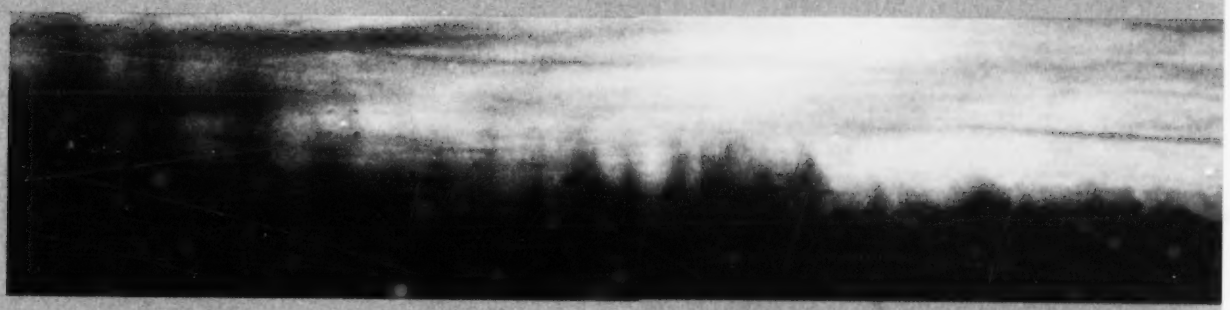
John Locke
Director, Information Systems & CIO

Randy Patrick, MA, MBA, BCom
Director, North Slave

Gerd Sandrock, P.Eng
Director, Business Development

Brian Willows
Director, Delta - Sahtu

Cheryl Tordoff
Acting Corporate Secretary



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Facsimile: 867 777 4283
Toll free: 1 800 661 0856

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Yellowknife NT X1A 2P7
Telephone: 867 669 3300
Facsimile: 867 669 3316
Toll free: 1 800 661 0854

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Facsimile: 867 872 7149
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